

UN Global Compact Communication on Progress DAFA A/S 2016 / 2017 – January 16th 2017.

Dear Mr. Secretary-General

In 2010 DAFA A/S joined UN Global Compact, the world's largest initiative for corporate social responsibility. DAFA A/S is a private owned Danish production company with more than 75 years of experience on the segments where we operate. DAFA develop, manufacture and deliver a wide range of sealing, absorption and protection products and total solutions for the construction sector and industry.

DAFA have an annual revenue of approx. EUR 53 million and employ around 305 people at our head office in Denmark and our branches in Sweden, Germany, Poland, USA, Italy and China. Our customers work primarily in the construction industry and Danish industry in general, but our direct exports constitute approx. 25% of our revenue. We also indirectly export a considerable volume through Danish export companies.

Both profit, planet and people matters to DAFA. Based upon our history, we regard our way of doing business as a sustainable success with a sound balance between economic, ecological, social responsibility and social performance.

As we are developing our company into a more globalized business operation, it is important for us to include our ethic standards in a global perspective. The UN Global Compact provides us a frame that enables us to do so in a formalized manner, and demonstrate our continuing commitment to advance the ten principles of the Global Compact in both policies and business operations.

This is our seventh UN Global Communication on progress. The focus areas in 2016 have been:

- In DAFA Denmark we have successfully completed an external audit on ISO 9001 and ISO 14001 from the external 3rd party certification body Bureau Veritas. We will receive our new certificates – ISO 9001:2015 and ISO 14001:2015 ultimo January 2017.
- In our Strategy 2020 we focus on expanding the knowledge for sustainable building solutions that benefit the environment. DAFA has increasingly focused on developing products that support sustainability. Our building products are sealing solutions that support sustainable construction and reduces energy consumption. Furthermore, the products can be recycled or regenerated after use. since the products do not contain hazardous chemicals or release toxins that burdened the environment. The products are tested and approved by the most respected European institutions, ensuring long-lasting solutions.
- We have implemented two new production technologies, which among other things will improve the work environment and minimize the amount of waste material.
- Several of our packing methods and gluing methods have been automatized in order to improve the work environment for our employees.

- In our production facilities, we have reduced our energy consumption by implementing energy-saving light in the production.
- We have expanded our gym with spinning bikes and set up free spinning exercise classes. The gym is free for all employees. Furthermore, we have established a badminton team and a running club, that is financial sponsored in connection with various official races.
- We have employed a number of trainees and young students with relevant work to support their education.
- We have financial contributed to the Danish Cancer Society for children with cancer.

In 2017, we will be focusing on:

- According to our Strategy 2020 we will focus on providing and advising our customers about alternative solutions including environment aspects together with branding and positioning of selected products that contribute to environmental improvements.
- We will reduce our CO2 emissions further by implementing energy-saving activities.
- We will automate more of our packing methods to improve the work environment for our employees.
- Increase the amount of waste material send for recycling.
- Two employee satisfaction surveys will be conducted in 2017. One will focus on evaluating the education and integration new employees in the company and the other one will focus on general satisfaction for all employees.
- Increase activities for Safety First in the production facilities.
- Implement a no smoke head office in Denmark.
- We plan to become ISO 9001:2015 certified in Poland and China and to be TS 16949 certified in Italy. Furthermore, we are working in parallel on a TS 16949 certification in Denmark in 2018.
- Expanding our DAFA Supplier Code of Conduct in China in the selection of new suppliers.

We constantly aim for continuous improvements in the whole organization, and we believe that it is our responsibility to handle the impacts from our improvements correctly. We are very aware of our limited size seen from a global perspective but we know we make a difference in our local business area.

By using UN Global Compact as our overall guideline, we will extend our sustainable business ethics while striving for our vision of becoming a more global company. We look forward communicating our progress in the years to come.

Best regards,

A blue ink signature of Bo Ankerfelt, written in a cursive style.

Bo Ankerfelt

CEO, DAFA A/S